



Paul Foley <pfoley@fairhaven-ma.gov>

Paycheck Protection Program FAQs

1 message

Small Business Administration <news@updates.sba.gov>

Tue, Apr 14, 2020 at 12:56 PM

Reply-To: news@updates.sba.gov

To: pfoley@fairhaven-ma.gov

Massachusetts District Office - April 2020

UPDATE

4/13/20 - the SBA is reporting that there have been over 941,000 applications approved totaling over \$228 billion, and nearly 4600 lending institutions.



Frequently Asked Questions

The Small Business Administration (SBA), in consultation with the Department of the Treasury, intends to provide timely additional guidance to address borrower and lender questions concerning the implementation of the Paycheck Protection Program (PPP), established by section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act or the Act). This document will be updated on a regular basis.

19. Question: Do lenders have to use a promissory note provided by SBA or may they use their own?

Answer: Lenders may use their own promissory note or an SBA form of promissory note.

20. Question: The amount of forgiveness of a PPP loan depends on the borrower's payroll costs over an eight-week period; when does that eight-week period begin?

Answer: The eight-week period begins on the date the lender makes the first disbursement of the PPP loan to the borrower. The lender must make the first disbursement of the loan no later than ten calendar days from the date of loan approval.

21. Question: Do lenders need a separate SBA Authorization document to issue PPP loans?

Answer: No. A lender does not need a separate SBA Authorization for SBA to guarantee a PPP loan. However, lenders must have executed SBA Form 2484 (the Lender Application Form for the Paycheck Protection Program) to issue PPP loans and receive a loan number for each originated PPP loan. Lenders may include in their promissory notes for PPP loans any terms and conditions, including relating to amortization and disclosure, that are not inconsistent with Sections 1102 and 1106 of the CARES Act, the PPP Interim Final Rule and guidance, and SBA Form 2484.

22. Question: I am a non-bank lender that meets all applicable criteria of the PPP Interim Final Rule. Will I be automatically enrolled as a PPP lender? What criteria will SBA and the Treasury Department use to assess whether to approve my application to participate as a PPP lender?

Answer: We encourage lenders that are not currently 7(a) lenders to apply in order to increase the scope of PPP lending options and the speed with which PPP loans can be disbursed to help small businesses across America. We recognize that financial technology solutions can promote efficiency and financial inclusion in implementing the PPP. Applicants should submit SBA Form 3507 and the relevant attachments to NFRLApplicationForPPP@sba.gov. Submission of the SBA Form 3507 does not result in automatic enrollment in the PPP. SBA and the Treasury Department will evaluate each application from a non-bank or non-insured depository institution lender and determine whether the applicant has the necessary qualifications to process, close, disburse, and service PPP loans made with SBA's guarantee. SBA may request additional information from the applicant before making a determination.

23. Question: How do the \$10 million cap and affiliation rules work for franchises?

Answer: If a franchise brand is listed on the SBA Franchise Directory, each of its franchisees that meets the applicable size standard can apply for a PPP loan. (The franchisor does not apply on behalf of its franchisees.) The \$10 million cap on PPP loans is a limit per franchisee entity, and each franchisee is limited to one PPP loan. Franchise brands that have been denied listing on the Directory because of affiliation between franchisor and franchisee may request listing to receive PPP loans. SBA will not apply affiliation rules to a franchise brand requesting listing on the Directory to participate in the PPP, but SBA will confirm that the brand is otherwise eligible for listing on the Directory.

24. Question: How do the \$10 million cap and affiliation rules work for hotels and restaurants (and any business assigned a North American Industry Classification System (NAICS) code beginning with 72)?

Answer: Under the CARES Act, any single business entity that is assigned a NAICS code beginning with 72 (including hotels and restaurants) and that employs not more than 500 employees per physical location is eligible to receive a PPP loan. In addition, SBA's affiliation rules (13 CFR 121.103 and 13 CFR 121.301) do not apply to any business entity that is assigned a NAICS code beginning with 72 and that employs not more than a total of 500 employees. As a result, if each hotel or restaurant location owned by a parent business is a separate legal business entity, each hotel or restaurant location that employs not more than 500 employees is permitted to apply for a separate PPP loan provided it uses its unique EIN. The \$10 million maximum loan amount limitation applies to each eligible business entity, because individual business entities cannot apply for more than one loan. The following examples illustrate how these principles apply.

Example 1. Company X directly owns multiple restaurants and has no affiliates.

- Company X may apply for a PPP loan if it employs 500 or fewer employees per location (including at its headquarters), even if the total number of employees employed across all locations is over 500.

Example 2. Company X wholly owns Company Y and Company Z (as a result, Companies X, Y, and Z are all affiliates of one another). Company Y and Company Z each own a single restaurant with 500 or fewer employees.

- Company Y and Company Z can each apply for a separate PPP loan, because each has 500 or fewer employees. The affiliation rules do not apply, because Company Y and Company Z each has 500 or fewer employees and is in the food services business (with a NAICS code beginning with 72).

Example 3. Company X wholly owns Company Y and Company Z (as a result, Companies X, Y, and Z are all affiliates of one another). Company Y owns a

restaurant with 400 employees. Company Z is a construction company with 400 employees.

- Company Y is eligible for a PPP loan because it has 500 or fewer employees. The affiliation rules do not apply to Company Y, because it has 500 or fewer employees and is in the food services business (with a NAICS code beginning with 72).
- The waiver of the affiliation rules does not apply to Company Z, because Company Z is in the construction industry. Under SBA's affiliation rules, 13 CFR 121.301(f)(1) and (3), Company Y and Company Z are affiliates of one another because they are under the common control of Company X, which wholly owns both companies. This means that the size of Company Z is determined by adding its employees to those of Companies X and Y. Therefore, Company Z is deemed to have more than 500 employees, together with its affiliates. However, Company Z may be eligible to receive a PPP loan as a small business concern if it, together with Companies X and Y, meets SBA's other applicable size standards," as explained in FAQ #2.

25. Question: Does the information lenders are required to collect from PPP applicants regarding every owner who has a 20% or greater ownership stake in the applicant business (i.e., owner name, title, ownership %, TIN, and address) satisfy a lender's obligation to collect beneficial ownership information (which has a 25% ownership threshold) under the Bank Secrecy Act?

Answer: For lenders with existing customers: With respect to collecting beneficial ownership information for owners holding a 20% or greater ownership interest, if the PPP loan is being made to an existing customer and the lender previously verified the necessary information, the lender does not need to re-verify the information. Furthermore, if federally insured depository institutions and federally insured credit unions eligible to participate in the PPP program have not yet collected such beneficial ownership information on existing customers, such institutions do not need to collect and verify beneficial ownership information for those customers applying for new PPP loans, unless otherwise indicated by the lender's risk-based approach to Bank Secrecy Act (BSA) compliance.

For lenders with new customers: For new customers, the lender's collection of the following information from all natural persons with a 20% or greater ownership stake in the applicant business will be deemed to satisfy applicable BSA requirements and FinCEN regulations governing the collection of beneficial ownership information: owner name, title, ownership %, TIN, address, and date of birth. If any ownership interest of 20% or greater in the applicant business belongs to a business or other legal entity, lenders will need to collect appropriate beneficial ownership information for that entity.

If you have questions about requirements related to beneficial ownership, go to <https://www.fincen.gov/resources/statutes-and-regulations/cdd-final-rule>.

Decisions regarding further verification of beneficial ownership information

collected from new customers should be made pursuant to the lender's risk-based approach to BSA compliance. [>>> continue with FAQs](#)

[More on Paycheck Protection Program](#)

[PPP Bank Locator](#)

[List of Newest PPP Participating Lenders in Massachusetts](#)

Please direct all inquiries and questions to our District Office email at:

MassachusettsDO@sba.gov

WHERE DO I GO NEXT?

FREE and confidential counseling services are available across the Commonwealth.

Virtual education, training and networking sessions are happening daily.

Please schedule a virtual session with any of our Resource Partners below...

**Subscribe to SBA
email updates**



Resource Partner Network



WE ARE OPEN FOR BUSINESS!

Staff are working remotely and can be reached via email or telephone. MSBDC is committed to supporting entrepreneurs during these very challenging times.

Request for Counseling

MSBDC advisors can assist businesses with disaster loan applications.

If you are not currently a client and would like to speak with a counselor, please find your region and reach out to the [REGIONAL OFFICE SERVING YOU](#).

Berkshire Regional Office

33 Dunham Mall, Suite 103

Pittsfield, MA 01201

413-499-0933 | Fax: 413-499-3005

www.msbdc.org/berkshire

Central Regional Office

Clark University

The Carriage House, 125 Woodland Street

Worcester, MA 01610

508-793-7615 | Fax: 508-793-8890

www.clarku.edu/offices/sbdc

Northeast Regional Office

Salem State University

121 Loring Avenue, Suite 310

Salem, MA 01970

978-542-6343 | Fax: 978-542-6345

www.salemstate.edu/sbdc

Procurement Technical Assistance Center

Scibelli Enterprise Center

1 Federal Street, Building 1

Springfield, MA 01105

413-545-6303 | Fax: 413-737-2312

<https://www.massptac.org>

Southeast Regional Office

200 Pocasset Street

Fall River, MA 02721

508-673-9783 | Fax: 508-674-1929

www.msbdc.org/semass

Western Regional Office

Scibelli Enterprise Center

One Federal Street, Building 101

Springfield, MA 01105-1160

413-577-1768 | Fax: 413-737-2312

www.msbdc.org/wmass



Request for Counseling

Counseling Sessions with [BOSTON SCORE CHAPTER](#):

If you want to speak with a counselor, SCORE is doing tele-consults. Just pick a date and time to schedule a session and enter your contact info, mentors are doing sessions by phone and Zoom video app.

Reach out to other SCORE CHAPTERS throughout the state below.

SCORE Boston Chapter

SCORE Worcester Chapter

SCORE Northeastern Massachusetts Chapter

SCORE Southeastern Massachusetts Chapter

SCORE Western Massachusetts Chapter

SCORE Cape Cod Chapter

SCORE Rhode Island (Serving Fall River, New Bedford)



Center for Women & Enterprise



[Check out our class calendar](#)

[Self-Paced Workshop Partners](#)

Request for Counseling

Eastern Massachusetts Center - Boston

44 School St., Suite 200

Boston, MA 02108

info.EasternMA@cweonline.org

Central Massachusetts Center - Westborough

69 Milk St., Ste. 217

Westborough, MA 01581

info.CentralMA@cweonline.org

Veterans Business Outreach Center of New England (VBOC of NE)

132 George M. Cohan Blvd.

Providence, RI 02903

info.VBOC@cweonline.org

UPCOMING Virtual Events

Tuesday 4/14/20 at 3pm

[Small Business Conference Call with City of Boston Mayor's Office of Economic Development](#)

Wednesday, 4/15/20 at 1pm

[Business Resiliency Webinar: Keeping the Lights On](#)

Wednesday, 4/15/20 at 11am

[SBA Disaster Assistance Program Info](#)

Wednesday 4/15/20 at 12:30pm

[Navigating Change in a Time of Crisis](#)

Wednesday, 4/15/20 at 3:30pm

[Honing In Your Message on Social Media to be Contextually Relevant](#)

Thursday 4/16/20 at 10am

[Intellectual Property for Small Businesses](#)

Thursday 4/16/20 at 2pm

[What Businesses are Doing to Reorganize and Realign](#)

Thursday 4/16/20 at 6pm

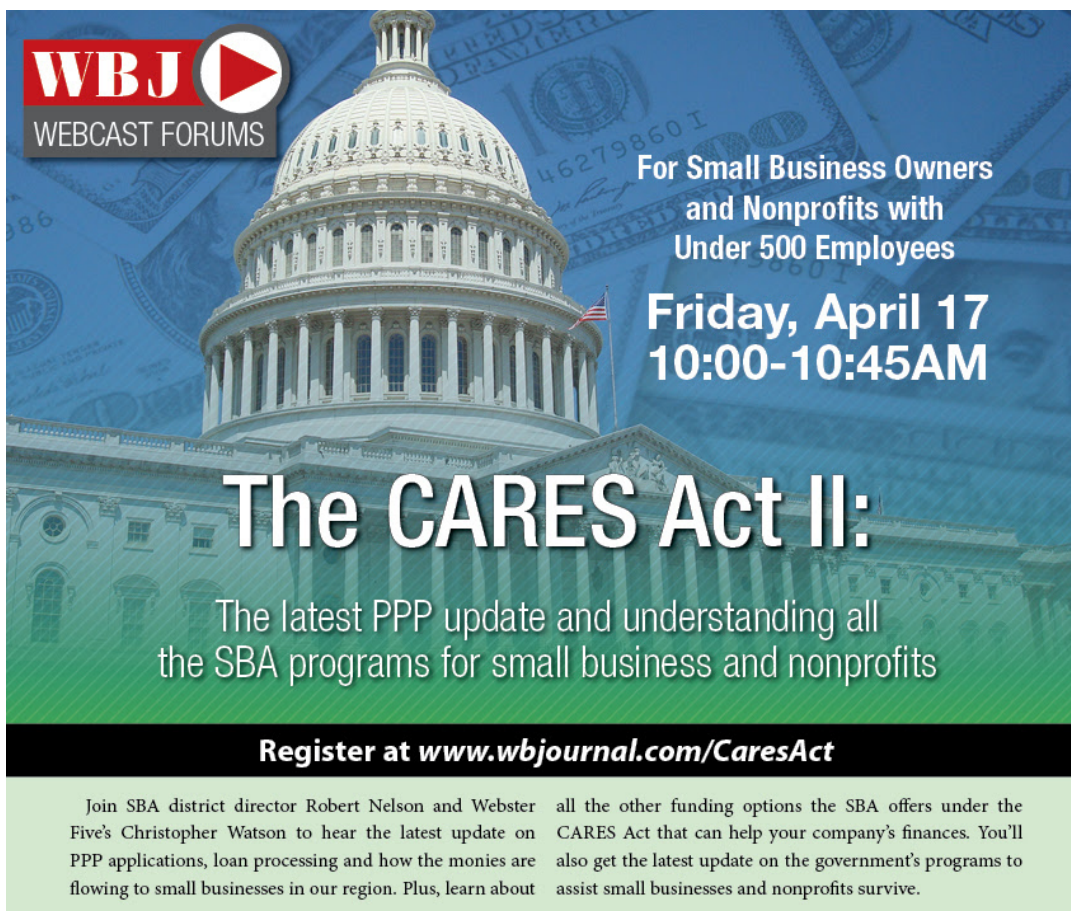
[Business Succession Planning Workshop](#)


Friday, 4/17/20 at 10:00am - 10:45am

[Worcester Business Journal Cares Act Update](#)

Wednesday 4/29/20 at 10am

[Funding Options - What to consider and Where to Find It.](#)



WBJ 
WEBCAST FORUMS

For Small Business Owners
and Nonprofits with
Under 500 Employees

Friday, April 17
10:00-10:45AM

The CARES Act II:

The latest PPP update and understanding all
the SBA programs for small business and nonprofits

Register at www.wbjournal.com/CaresAct

Join SBA district director Robert Nelson and Webster Five's Christopher Watson to hear the latest update on PPP applications, loan processing and how the monies are flowing to small businesses in our region. Plus, learn about all the other funding options the SBA offers under the CARES Act that can help your company's finances. You'll also get the latest update on the government's programs to assist small businesses and nonprofits survive.

In this session we'll focus on the following:

- An overview of where the PPP is today, the latest SBA and Treasury guidance, funding and more.
- An update from the banking community: Where things stand today, processing for bank customers, who's taking applications from non-customers, the most common mistakes being seen on applications and more.
- Best advice on assuring you maximize the forgivable portion of the loan
- Additional small business/nonprofit loan programs in the CARES Act: EIDL, Small Biz bridge loans and debt relief - which can be applied for in addition to or after the PPP ends
- Audience Q&A - send your question in before or during the webcast

Webcast Panelists:



Robert Nelson
District Director -
Massachusetts -
US Small Business
Administration



U.S. Small Business
Administration



Christopher Watson
Senior Vice President,
Senior Lending Officer,
WebsterFive

Produced By:



Sponsored By:



fallonhealth



websterfive



**Try remote mentoring.
It works!**



Need help? We are doing remote mentoring via phone, email and video. Call **508-775-4884** or go to **capecod.score.org** to sign up . We'll get you on the schedule!

Disclaimer: The SBA does not endorse the organizations sponsoring linked websites, and does not endorse the views they express or the products/services they offer. All programs and services are extended to the public on a nondiscriminatory basis.

SBA Massachusetts District Office

10 Causeway Street, RM265

Boston, MA, 02222

Phone: (617) 565-5590

www.sba.gov/ma

Subscriber Services

[Unsubscribe](#) | [Manage your account](#)



[Unsubscribe](#) | Update your subscriptions or modify your password/email address at any time on your [Subscriber Preferences Page](#).

All SBA programs and services are provided on a nondiscriminatory basis. Reasonable accommodations will be made if requested at least two weeks in advance

This email was sent to pfoley@fairhaven-ma.gov by Small Business Administration (SBA) · [409 3rd St, SW](#) · [Washington DC 20416](#) · 1-800-827-5722

